

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

W-01395A

Q

Queen Creek Water Company
22713 S. Ellsworth Rd., Bldg A.
Queen Creek, AZ 85242

ANNUAL REPORT

FOR YEAR ENDING

12

31

2006

FOR COMMISSION USE

ANN 04

06

PROCESSED BY:

4-18-07

SCANNED

COMPANY INFORMATION

Company Name (Business Name) **QUEEN CREEK WATER COMPANY**

Mailing Address **22713 S. ELLSWORTH RD BLDG "A"**

(Street)

QUEEN CREEK

(City)

AZ

(State)

85242

(Zip)

480 987-3240

480 987-9326

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address **TSMITH@QCWATER.COM**

Local Office Mailing Address **22713 S. ELLSWORTH BLDG "A"**

(Street)

QUEEN CREEK

(City)

AZ

(State)

85242

(Zip)

480 987-3240

480 987-9326

Local Office Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address **TSMITH@QCWATER.COM**

MANAGEMENT INFORMATION

Management Contact: **PAUL T. GARDNER**

(Name)

PRESIDENT

(Title)

22713 S. ELLSWORTH BLDG "A"
(Street)

QUEEN CREEK
(City)

AZ
(State)

85242
(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address **PTGARDNER@QCWATER.COM**

On Site Manager: **PAUL T. GARDNER**

(Name)

22713 S. ELLSWORTH BLDG "A"
(Street)

QUEEN CREEK
(City)

AZ
(State)

85242
(Zip)

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Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address **PTGARDNER@QCWATER.COM**

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: **JORDEN & BISCHOFF, PLC**
(Name)

7272 EAST INDIAN SCHOOL #205
(Street)

SCOTTSDALE
(City)

AZ
(State)

85251
(Zip)

480 505-3900

Telephone No. (Include Area Code)

480 505-3901

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Attorney: CHARLES A. BISCHOFF

(Name)

SAME AS ABOVE

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☒ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☐ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co-op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe) _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☐ GREENLEE

☐ LA PAZ

☒ MARICOPA

☐ MOHAVE

☐ NAVAJO

☐ PIMA

☐ PINAL

☐ SANTA CRUZ

☐ YAVAPAI

☐ YUMA

☐ STATEWIDE

COMPANY NAME

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	-	-	-
302	Franchises	-	-	-
303	Land and Land Rights	10,490	-	\$10,490.
304	Structures and Improvements	\$320,522.	32,667.	287,855.
307	Wells and Springs	1,585,731.	238,146.	1,347,585.
311	Pumping Equipment	723,347.	227,125.	496,222.
320	Water Treatment Equipment	73,527.	13,845.	59,682.
330	Distribution Reservoirs and Standpipes	1,578,313.	267,021.	1,311,192.
331	Transmission and Distribution Mains	17,079,528.	2,346,208.	14,733,320.
333	Services	694,473.	140,566.	553,907.
334	Meters and Meter Installations	2,390,166.	132,985.	2,257,181.
335	Hydrants	1,975,290.	306,927.	1,668,363.
336	Backflow Prevention Devices	-	-	-
339	Other Plant and Misc. Equipment	11,193.	11,108.	85.
340	Office Furniture and Equipment	362,730.	42,807.	319,923.
341	Transportation Equipment	107,483.	(22,407.)	129,890.
343	Tools, Shop and Garage Equipment	152,919.	31,995.	120,923.
344	Laboratory Equipment	-	-	-
345	Power Operated Equipment	7,822.	576.	7246.
346	Communication Equipment	-	-	-
347	Miscellaneous Equipment	28,350.	11,419.	16,931.
348	Other Tangible Plant	0	69,191.	(69,191.)
	TOTALS	\$27,101,783.	\$3,850,179.	\$23,251,604.

This amount goes on the Balance Sheet Acct. No. 108

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	-	-	-
302	Franchises	-	-	-
303	Land and Land Rights	\$10,490.	-	0
304	Structures and Improvements	320,522.	3%	\$9,616.
307	Wells and Springs	1,585,731.	3%	47,572.
311	Pumping Equipment	723,347.	3%	21,700.
320	Water Treatment Equipment	73,527.	3%	2,206.
330	Distribution Reservoirs and Standpipes	1,578,213.	3%	47,346.
331	Transmission and Distribution Mains	17,079,528.	3%	512,386.
333	Services	694,473.	3%	20,834.
334	Meters and Meter Installations	2,390,166.	3%	71,705.
335	Hydrants	1,975,290.	3%	59,259.
336	Backflow Prevention Devices	-	-	-
339	Other Plant and Misc. Equipment	11,193.	3%	336.
340	Office Furniture and Equipment	362,730.	3%	10,882.
341	Transportation Equipment	107,483.	3%	3,224.
343	Tools, Shop and Garage Equipment	152,919.	3%	4,587.
344	Laboratory Equipment	-	-	-
345	Power Operated Equipment	7,822.	3%	235.
346	Communication Equipment	-	-	-
347	Miscellaneous Equipment	28,350.	3%	851.
348	Other Tangible Plant	0	3%	-
	TOTALS	\$27,101,784.		\$812,739.

This amount goes on the Comparative Statement of Income and Expense _____
Acct. No. 403.

BALANCE SHEET

Acct .No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$829.	\$1979.
134	Working Funds	310,065.	78,039.
135	Temporary Cash Investments	83,043.	126,385.
141	Customer Accounts Receivable	444,967.	635,149.
146	Notes/Receivables from Associated Companies	-	-
151	Plant Material and Supplies	58,570.	64,520.
162	Prepayments	48,667.	73,248.
174	Miscellaneous Current and Accrued Assets	-	5,123.
	TOTAL CURRENT AND ACCRUED ASSETS	\$946,141.	\$984,443
	FIXED ASSETS		
101	Utility Plant in Service	\$22,362,145.	27,101,783.
103	Property Held for Future Use	-	-
105	Construction Work in Progress	1,579,052.	799,116.
108	Accumulated Depreciation – Utility Plant	(3,261,015.)	(3,850,179.)
121	Non-Utility Property	-	-
122	Accumulated Depreciation – Non Utility	-	-
	TOTAL FIXED ASSETS	\$20,680,182.	\$24,050,720.
	TOTAL ASSETS	\$21,626,323.	\$25,035,163.

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITES		
231	Accounts Payable	\$303,698.	\$330,876.
232	Notes Payable (Current Portion)	283,076.	369,063.
234	Notes/Accounts Payable to Associated Companies	-	-
235	Customer Deposits	243,685.	256,965.
236	Accrued Taxes	67,766.	47,673.
237	Accrued Interest	-	-
241	Miscellaneous Current and Accrued Liabilities	237,306.	408,737.
	TOTAL CURRENT LIABILITIES	\$1,135,531.	\$1,413,314.
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$262,716.	\$245,971.
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	-	-
252	Advances in Aid of Construction	14,537,910.	17,140,698.
255	Accumulated Deferred Investment Tax Credits	-	-
271	Contributions in Aid of Construction	5,471,647.	6,164,408.
272	Less: Amortization of Contributions	(468,054.)	(405,996.)
281	Accumulated Deferred Income Tax	(135,823.)	(147,103.)
	TOTAL DEFERRED CREDITS	\$19,405,680.	\$22,752,007.
	TOTAL LIABILITIES	\$20,803,927.	\$24,411,292.
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$3,000.	\$3,000.
211	Paid in Capital in Excess of Par Value	408,000.	408,000.
215	Retained Earnings	524,122.	325,596.
218	Proprietary Capital (Sole Props and Partnerships) Treasury Stk	(112,725.)	(112,725.)
	TOTAL CAPITAL	\$822,397.	\$623,871.
	TOTAL LIABILITIES AND CAPITAL	\$21,626,324.	\$25,035,163.

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$3,637,832	\$4,285,162.
460	Unmetered Water Revenue	244,304.	248,851.
474	Other Water Revenues	217,835.	323,578.
	TOTAL REVENUES	\$4,099,971.	\$4,857,591.
	OPERATING EXPENSES		
601	Salaries and Wages	\$1,223,349.	\$1,405,999.
610	Purchased Water	157,801.	141,657.
615	Purchased Power	448,392.	505,269.
618	Chemicals	99,212.	107,972.
620	Repairs and Maintenance	154,214.	236,045.
621	Office Supplies and Expense	134,048.	201,320.
630	Outside Services	3,159.	-
635	Water Testing	27,195.	47,212.
641	Rents	90,492.	229,739.
650	Transportation Expenses	301,547.	251,516.
657	Insurance – General Liability	47,170.	50,539.
659	Insurance - Health and Life	113,633.	110,863.
666	Regulatory Commission Expense – Rate Case	-	-
675	Miscellaneous Expense	202,417.	242,797.
403	Depreciation Expense	506,400.	761,739.
408	Taxes Other Than Income	100,778.	88,318.
408.11	Property Taxes	108,512.	135,630.
409	Income Tax	26,400.	98,214.
	TOTAL OPERATING EXPENSES	\$3,744,719.	\$4,614,829.
	OPERATING INCOME/(LOSS)	\$355,252.	\$242,762.
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$3,285.	\$3984.
421	Non-Utility Income	55,091.	1,250.
426	Miscellaneous Non-Utility Expenses	-	-
427	Interest Expense	(31,813.)	(77,208.)
	TOTAL OTHER INCOME/(EXPENSE)	\$26,563.	\$(71,974.)
	NET INCOME/(LOSS)	\$381,815.	\$170,788.

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	021098			
Source of Loan	WIFA			
ACC Decision No.	60737			
Reason for Loan	CAPITOL IMPROV			
Dollar Amount Issued	\$40,000.	\$	\$	\$
Amount Outstanding	\$245,971.	\$	\$	\$
Date of Maturity	093017			
Interest Rate	6.125%	%	%	%
Current Year Interest	\$18,778.	\$	\$	\$
Current Year Principle	\$16,745.	\$	\$	\$

Meter Deposit Balance at Test Year End **\$1,202,620.**

Meter Deposits Refunded During the Test Year **\$142,441.50**

COMPANY NAME QUEEN CREEK WATER COMPANY	
Name of System	ADEQ Public Water System Number (if applicable)

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-628856	200	750	1000	20	8	1960
55-609476	200	950	900	16	8	1960
55-628274	200	1000	1000	20	8	1950
55-209407	200	1000	1120	20	8	2006
55-600447	250	1100	1010	16	8	1963
55-621359	200	1000	1000	16	8	1974
55-606643	200	1000	1000	20	8	1960
55-612288	250	1450	1950	18	8	1970
55-628275	250	1500	1000	20	10	1950
55-626051	200	1000	1000	18	8	1970
55-613585	200	1100	1000	18	8	1960

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
Emergency tie-in with city of Gilbert	2000	0
CAP (for irrigation only)	N/A	405,358

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
30	3	1240	
50	13		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity

100K	1	5000 GAL	4
270K	1		
400K	1		
600K	1		
1,000,000	3		

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	
Name of System	ADEQ Public Water System Number (if applicable)

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS		
Size (in inches)	Material	Length (in feet)
2	PVC	3126
3	-	0
4	PVC	1204
5	-	0
6	PVC	395,249
8	PVC	575,560
10	PVC	6104
12	PVC	190,852
16	PVC	10,218

CUSTOMER METERS	
Size (in inches)	Quantity
5/8 X 3/4	378
3/4	4511
1	3402
1 1/2	83
2	153
Comp. 3	8
Turbo 3	
Comp. 4	8
Turbo 4	
Comp. 6	1
Turbo 6	
Fire Hydrant 3"	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

9 – Tablet Chlorinators

STRUCTURES:

7 – Block Walls
2 - Chain Link Fences
1 – Building

OTHER:

1 – Water Tank; 6- Trailers; 1 -500kw Portable Generator; 13 – Pick-up Trucks; 1 – EZ Go Workhorse
1 – 751 Bobcat; 1 – 580 K Case Backhoe; 2 – Portable Air Compressors

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME:	
Name of System	ADEQ Public Water System Number (if applicable)

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2006

MONTH/YEAR	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	7679	102,329	112,972	
FEBRUARY	7747	110,715	121,467	
MARCH	7885	90,392	100,049	
APRIL	7942	148,844	163,073	
MAY	8050	186,539	186,779	
JUNE	8310	259,348	288,272	
JULY	8350	212,965	232,922	
AUGUST	8528	214,668	229,671	
SEPTEMBER	8610	153,348	165,838	
OCTOBER	8681	182,890	183,990	
NOVEMBER	8736	199,900	205,627	
DECEMBER	8770	131,691	145,662	
TOTALS →		1,993,629	2,136,322	0

What is the level of arsenic for each well on your system? 2-6 PPB

(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? 1000 GPM for 2 hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?

☒ Yes ☐ No

Is the Water Utility located in an ADWR Active Management Area (AMA)?

☒ Yes ☐ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

☒ Yes ☐ No

If yes, provide the GPCPD amount: 186 GPCPD

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME Queen Creek Water Company **YEAR ENDING** 12/31/2006

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2006 was: **\$135,630.**

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

**VERIFICATION
AND
SWORN STATEMENT**
Taxes

VERIFICATION

STATE OF AZ

**I, THE UNDERSIGNED
OF THE**

COUNTY OF Maricopa
Paul T. Gardner, President
Queen Creek Water Company

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

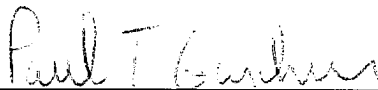
MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.



SIGNATURE OF OWNER OR OFFICIAL

480 987-3240

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

13

DAY OF

COUNTY NAME	MARICOPA
QUEEN CREEK WATER CO	
MONTH	APRIL
YEAR	2007

(SEAL)



**OFFICIAL SEAL
TRICIA M. SMITH
Notary Public - State of Arizona
MARICOPA COUNTY
My Comm. Expires May 27, 2010**



SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES

COMPANY NAME Queen Creek Water Company **YEAR ENDING** 12/31/2006

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	\$299,588.
Estimated or Actual Federal Tax Liability	100,088.

State Taxable Income Reported	317,261.
Estimated or Actual State Tax Liability	22,107.

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	_____
Amount of Gross-Up Tax Collected	_____
Total Grossed-Up Contributions/Advances	_____

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

Paul T. Gardner
SIGNATURE

04/30/07
DATE

PAUL T. GARDNER
PRINTED NAME

PRESIDENT
TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

**VERIFICATION
STATE OF AZ
I, THE UNDERSIGNED
OF THE**

COUNTY OF (Maricopa)
Paul T. Gardner, President
Queen Creel Water Company

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2006 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$5,249,126.

**(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 391,535.
IN SALES TAXES BILLED, OR COLLECTED)**

****REVENUE REPORTED ON THIS PAGE MUST
INCLUDE SALES TAXES BILLED OR
COLLECTED. IF FOR ANY OTHER REASON,
THE REVENUE REPORTED ABOVE DOES NOT
AGREE WITH TOTAL OPERATING REVENUES
ELSEWHERE REPORTED, ATTACH THOSE
STATEMENTS THAT RECONCILE THE
DIFFERENCE. (EXPLAIN IN DETAIL)**

Paul T. Gardner

SIGNATURE OF OWNER OR OFFICIAL

480 987-3240

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

13

DAY OF

COUNTY NAME

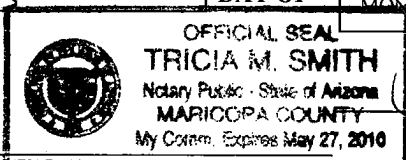
Queen Creel AZ / Maricopa

MONTH

APRIL

20 07

(SEAL)



MY COMMISSION EXPIRES

Tricia M. Smith

SIGNATURE OF NOTARY PUBLIC

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only**

VERIFICATION

STATE OF ARIZONA Co

I, THE UNDERSIGNED Pa

OF THE Queen Creek Water

COUNTY OF (COUNTY NAME) <u>MARICOPA</u>	
NAME (OWNER OR OFFICIAL) <u>PAUL T. GARDNER</u>	TITLE <u>PRESIDENT</u>
COMPANY NAME <u>QUEEN CREEK WATER</u>	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2006 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 4,419,192.

THE AMOUNT IN BOX AT LEFT

INCLUDES \$ 338,682.

IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

Paul T. Gardner
SIGNATURE OF OWNER OR OFFICIAL

480 987-3240
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

13

DAY OF

NOTARY PUBLIC NAME <u>TRICIA M. SMITH</u>	
COUNTY NAME <u>QUEEN CREEK WATER</u>	
MONTH <u>APRIL</u>	<u>20 07</u>

(SEAL)



MY COMMISSION EXPIRES May 27, 2010

X

Tricia M. Smith
SIGNATURE OF NOTARY PUBLIC